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Policies and Procedures

Title: ARS Performance Management
and Recognition System

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This DIRECTIVE provides information, procedures, and guidelines for setting pay of employees under the Performance Management and Recognition System and shall be identified as the ARS Performance Management and Recognition System. This DIRECTIVE also applies to the PMRS employees of the National Agricultural Library.

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1. REFERENCE

For information on:

The ARS Performance Appraisal System, see DIRECTIVE 418.3;

Grievance of PMRS coverage, see DIRECTIVE 463.2; and

Grievance of a PMRS Performance Appraisal, see DIRECTIVE 463.4.

2. ABBREVIATIONS

- CFR - Code of Federal Regulations
- DPM - Department Personnel Manual
- FPM - Federal Personnel Manual
- GM - Employees covered by PMRS System
- GS - General Schedule
- IPA - Intergovernmental Personnel Act
- OPM - Office of Personnel Management
- PD - Personnel Division
- PMRS - Performance Management and Recognition System
- U.S.C. - United States Code

3. FORM

AD-287-2 - Recommendation and Approval of Awards (1/92)

4. DEFINITIONS

Supervisor - an individual employed by an agency having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances or to effectively recommend such actions, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment. (5 U.S.C. 7103(a)(10)).

Management Official - an individual employed by an agency in a position the duties and responsibilities of which require or authorize the individual to formulate,

determine, or influence policies of the agency. (5 U.S.C. 7103(a)(11)).

Rating of Record - the summary rating required at the time specified in the Performance Appraisal Plan, or at such other times as the Agency plan specifies for special circumstances.

General Pay Increase - the annual pay adjustment authorized under 5 U.S.C. 5305 granted to PMRS employees based on performance.

Merit Increase - an increase in base pay for PMRS employees equal to one-ninth of the difference between the maximum and minimum rates of the grade.

Performance Award - a cash payment granted to recognize and reward quality performance.

Performance Awards Budget - the amount of money available for the purpose of granting performance awards.

Funding Unit - an administrative grouping of employees established for the purpose of determining the amount of money available for distribution to individuals in that group.

5. AUTHORITIES

- Public Law 102-22
- Public Law 98-615
- Title 5, U.S.C., Chapters 43 and 54
- Title 5, CFR, Parts 430 and 540
- FPM, Chapter 540
- DPM, Chapter 540

6. POLICY

The ARS Performance Management and Recognition System will:

- Recognize and reward quality performance through general pay increases, merit increases, performance awards, and special act or service awards.
- Use current performance appraisals of record to determine adjustments in

basic pay and grant performance awards.

- Regulate the costs of performance awards by establishing funding level requirements.
- Provide the means to reduce or withhold certain pay increases for less than Fully Successful performance.

7. RESPONSIBILITIES

PD is responsible for administering the system. This includes, but is not limited to, issuing guidance, notifying covered employees, establishing Funding Units, appointing Funding Unit Managers, interpreting and applying rules and regulations, and evaluating the system.

Funding Unit Managers are responsible for managing a PMRS budget for a Funding Unit. This is done by ensuring the consistency of elements and standards among employees, ensuring consistency among raters, adjusting performance ratings to reflect actual accomplishments, and reviewing performance awards determinations.

8. EMPLOYEE COVERAGE

All supervisors and managers in grades 13 through 15 who have been designated GM are covered by PMRS.

The Director, PD, will identify supervisors and managers for the purpose of inclusion in the PMRS. This responsibility is delegated to the Chief, Personnel Operations Branch, and through the Chief to the Section Heads of the servicing teams.

PD will notify, in writing, those individuals who are to be covered by the provisions of PMRS upon their appointment, promotion, reassignment, or transfer to a covered position. Employees will also be notified if their positions are removed from PMRS coverage. The written notification will indicate whether the position is supervisory or managerial. The determination to include an individual in the PMRS will be guided by the definitions of supervisor or manager contained in Section 4 of this DIRECTIVE.

9. COVERAGE DISPUTES

Disputes over inclusion in or exclusion from the PMRS will be processed as a grievance under DIRECTIVE 463.2.

10. RANGE OF BASIC PAY

The same rating of record shall be used for all pay determinations--general increase, merit increase, and performance award.

Generally, the range of basic pay for each grade of the PMRS will be the same as the range of basic pay for the corresponding grade of the GS pay range. Employees who are promoted into or within PMRS will have their salary established at not less than step 1, nor more than step 10, for the corresponding grade of the GS pay range.

General pay increases and merit increases are limited by the maximum rate for each grade. No employee can have a salary established that exceeds the salary at step 10 of that grade. If as a result of a general or merit increase the salary would exceed step 10 of the grade, the salary will be limited to step 10.

Employees who receive a rating below Fully Successful may fall below the minimum salary rate for their grade. If an employee's performance is less than Fully Successful, they will not receive a merit increase and the general increase will be less than the full amount. (See Sections 11 and 12 below).

11. GENERAL PAY INCREASE DETERMINATIONS

This increase is based on the most recent performance rating of record and is added to basic pay. The employee's basic pay on the day immediately preceding the pay adjustment will be used in computing the general increase. The increase is determined in the following manner:

Employee's Rating	Increase Granted
Fully Successful and above	Full General Increase
Marginal	One-half General Increase
Unacceptable	No General Increase

Employees who cannot be rated will receive a full general increase. An employee receiving retained pay will receive one-half of the general increase regardless of his/her summary rating.

General pay increases are effective on the first day of the pay adjustment period.

12. MERIT INCREASE DETERMINATIONS

PMRS employees are eligible for merit increases in lieu of within-grade increases. This increase is based on the most recent performance rating of record and is added to basic pay. Merit increases in each fiscal year are effective on the beginning of the first pay period commencing on or after October 1 of each year. Merit increases must be paid not later than December 31 of the same year.

Eligibility: An employee is eligible to receive a merit increase if the employee is in PMRS on the effective date of the merit increase, except:

- An employee who moves into PMRS on or within 90 calendar days of the effective date of the merit increase and receives an increase to base pay will receive no merit increase for that fiscal year.
- An employee newly appointed to the Federal Government within 90 days of the merit increase shall not be eligible for a merit increase for that fiscal year.

Determining Amount of Increase:

Employee's Salary and Rating	Increase
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Salary is less than step 4 in GS schedule:

Fully Successful and above	Full
Marginal/Unacceptable	None

Salary is equal to step 4 but not greater than step 7 in GS schedule:

Outstanding	Full
Superior/Fully Successful	One-half
Marginal/Unacceptable	None

Salary is equal to step 7 or above in
GS schedule:

Outstanding	Full
Superior	One-half
Fully Successful	One-third
Marginal/Unacceptable	None

Increases for Employees Who Cannot be Rated: At the end of the appraisal period, there may be PMRS employees who cannot be rated because:

- Elements and standards were not established.
- An employee has not been covered by elements and standards for the minimum appraisal period of 90 days.
- The supervisor is unavailable to rate the employee.
- An employee is on long-term training or IPA assignment; or has recently been reassigned, converted to GM, or temporarily or permanently promoted.

If these employees were previously covered under PMRS, moved into PMRS more than 90 days prior to the effective date of the merit increase, or if they moved into PMRS on or within 90 calendar days of the effective date of the merit increase without an increase in basic pay, they will be granted merit increases based on the following actions which must be used in sequential order:

- Use last year's rating of record, if it was given for a PMRS position, or;
- Give the employee an increase equivalent to that granted for a Fully Successful rating.

When a summary rating is transferred with an employee and the new organization cannot give the employee a rating of record, the transferred summary rating will be considered the employee's rating of record for making performance pay decisions.

When an employee returns to pay status after an approved absence creditable under 5 CFR 531.406, after service in the armed forces or non-Government service referenced in 5 U.S.C. 5405(d), after an IPA assignment or other service

for which employee advancement through the pay range is protected by law, or after receiving credit under the back pay provisions of 5 U.S.C. 5596 for a period of time during which one or more merit increases occurred, the employee's pay shall be set in accordance with 5 CFR 540.108.

13. PERFORMANCE AWARDS DETERMINATIONS

This award or bonus is based on the performance appraisal for the current appraisal period. The minimum performance award is \$200. Awards are given in lump sum amounts which are not added to basic pay.

OPM and the Office of Personnel, USDA, may issue guidance and restraints each year which influence the amount of money payable and/or the manner of distribution. Agencies must establish a funding pool at the minimum level set by OPM, which is now 1.15 percent of the aggregate payroll for PMRS employees, but may not permit the pool to be funded at more than 1.5 percent of the aggregate payroll for PMRS employees. ARS currently funds at the 1.5 percent level.

General requirements for performance awards

- Performance awards must be paid to all employees whose summary rating is Outstanding. This award can be up to 10 percent of base salary. The Secretary of Agriculture can approve an award of up to 20 percent.
- Performance awards may be paid to employees with a Superior or Fully Successful rating. These awards may not exceed 10 percent of the employee's base salary.
- No performance award will be paid to employees with a rating below Fully Successful.
- Within a Funding Unit, the dollar amount of the performance award given to employees in the same grade must be greater for higher ratings than the amount given for lower ratings.
- Failure to receive a performance award is not grievable or appealable.
- The system used to determine award amounts and distribute the awards will be universally applied to all PMRS employees in ARS (see Section 5 below for

the ARS formula).

- All funds allocated for performance awards will be distributed.

Eligibility

- An employee is eligible to receive a performance award if he/she is in a PMRS position on the last day of the performance appraisal period, except for an employee newly appointed to the Federal Government or promoted into PMRS within 90 days of the end of the appraisal period.
- Employees serving on a temporary appointment or a temporary promotion are eligible to receive a performance award under PMRS.
- If an employee is in PMRS and is detailed to another position within or out of the PMRS, he/she is eligible for a performance award. However, a GS employee detailed to a PMRS position is not eligible for a performance award under this DIRECTIVE.
- A PMRS employee who transferred to a new agency after the end of the gaining agency's performance appraisal period but before the end of the losing agency's performance appraisal period is "eligible" for a performance award in the new agency. This employee cannot be rated for performance award purposes by the gaining agency but may be paid a performance award based on the rating given by the losing agency.

These provisions apply whether an employee is transferring from a USDA agency or from outside USDA.

- An employee who cannot be rated is eligible for an award, as long as the employee is in a PMRS position on the last day of the performance appraisal period for which the award is being paid. The rating to be used for determining the amount of the award will be determined in accordance with Section 12 of this DIRECTIVE.
- If an employee is given a rating of record of Outstanding and then transfers, leaves the Federal Government, retires, or dies before performance awards are distributed, the agency that gave the employee his/her rating of record must pay the employee or his/her estate a performance award.
- If an eligible employee is given a rating of record of Superior or Fully

Successful and then transfers, leaves the Government, retires, or dies before performance awards are distributed and if other employees in ARS who are given a rating of record of Superior or Fully Successful receive a performance award, then this employee or his/her estate must be paid the same performance award as employees still in duty status.

- Performance awards should be paid not later than the end of the second quarter of the fiscal year.

Performance Award Formula

The amount of money in the performance award pool for each Funding Unit is 1.5 percent of the aggregate per annum salary of all members of the Funding Unit after the merit increases have been processed. (Merit increases are processed annually effective the first full pay period in October.) All the money in the pool will be distributed using the following formula:

Performance Appraisal	Bonus Share
Fully Successful - from 1 percent to 33 percent of appraisal units rated "Exceeds Fully Successful"	None
Fully Successful - from 34 percent to 50 percent of appraisal units rated "Exceeds Fully Successful"	1 share
Superior - 51 percent to 99 percent of appraisal units rated "Exceeds Fully Successful"	2 shares
Outstanding - all appraisal units rated "Exceeds Fully Successful"	4 shares

14. PERFORMANCE APPRAISAL LINKAGE

Multiple Appraisals

When an employee has worked for one supervisor for at least 90 days and transfers to another position, the releasing supervisor should prepare an appraisal

and forward it to the new supervisor. The supervisor of record at the end of the appraisal period is responsible for determining the final rating after considering all interim appraisals and other documented evidence or performance from the previous supervisor.

Review Process

- Performance appraisals of PMRS employees must be reviewed and approved by the employee's second level supervisor and the Funding Unit Manager. The reviewer must ensure that the ratings are consistent with the documentation of accomplishments and that there has been a fair and complete evaluation. The reviewer may ask the rater for additional justification for scores and may change scores.
- The PMRS Appraisal Manager may make changes to appraisal scores to reflect actual accomplishments and to meet his/her responsibilities stated in Section 7 of this DIRECTIVE.
- **No scores are to be disclosed to employees until the review process is completed.**

15. GRIEVANCES

PMRS employees who wish to grieve a rating must use DIRECTIVE 463.4, Dispute Resolution on Performance Appraisals for Performance Management and Recognition System Employees.

16. SUPERIOR ACCOMPLISHMENT AWARDS

Superior Accomplishment awards for PMRS employees may be based on a special act or service, suggestion, or other personal effort that contributes to the efficiency, economy, or other improvement of Government operations or achieves a significant reduction in paper work.

Examples of recognition appropriately recognized by a superior accomplishment award would be when:

- An employee performs substantially beyond expectations on a specific assignment or aspect of an assignment;

- An employee is responsible for a single scientific achievement, act of heroism, or similar one-time special act, service, or achievement of a nonrecurring nature; or
- An employee whose disclosure of fraud, waste, or abuse in the Federal Government results in tangible benefits to the Government.

All PMRS employees rated Outstanding will receive a "Special Act" cash award of at least \$1,000. Each Funding Unit Manager will determine if \$1,000, or a higher amount, will be paid to all the employees in his/her Funding Unit who received an Outstanding performance appraisal. The amount must be the same for all the employees rated Outstanding in the Funding Unit. The justification for this Special Act award can be the summary justification required for an Outstanding rating (see DIRECTIVE 418.3, Section M 2).

All cash awards must be processed on Form AD-287.2, Recommendation and Approval of Awards (1/92).

17. ESTABLISHMENT OF FUNDING UNITS

ARS Funding Units are established consistent with organizational lines. The listing of the current ARS Funding Units is contained in Exhibit 1 of this DIRECTIVE.

ARTHUR H. NIES
Acting Deputy Administrator
Administrative Management

Exhibit 1 - ARS Funding Unit Organization

Exhibit 1

FUNDING UNIT ORGANIZATION

Funding Unit No.	Funding Unit	Funding Unit Manager
0301	All GM-13, 14, and 15 employees in ARS Headquarters, except employees of the National Program Staff and Administrative Management	Administrator, ARS
0302	All GM-13, 14, and 15 employees of the National Program Staff	Deputy Administrator, National Program Staff
0303	All GM-15 Assistant Area Directors or Deputy Area Directors	Associate Administrator, ARS
0304	All GM-13, 14, and 15 employees in the Beltsville Area	Area Director
0305	All GM-13, 14, and 15 employees in the North Atlantic Area	Area Director
0306	All GM-13, 14, and 15 employees of the South Atlantic Area	Area Director
0307	All GM-13, 14, and 15 employees in the Southern Plains Area	Area Director
0308	All GM-13, 14, and 15 employees in Mid South Area except GM employees at Southern Regional Research Center	Area Director
0309	All GM-13, 14, and 15 employees at the Southern Regional Research Center	Center Director
0310	All GM-13, 14, and 15 employees in the Midwest Area	Area Director
0311	All GM-13, 14, and 15 employees in the Northern Plains Area	Area Director
0312	All GM-13, 14, and 15 employees in the Pacific West Area	Area Director

0313	All GM-15, Division Directors in Administrative Management and GM-13 and 14 employees in AM Staff Offices	Deputy Administrator for Administrative Management
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**Funding Unit
No.**

Funding Unit

**Funding Unit
Manager**

0314	All GM-13, and 14 Administrative Officers	Deputy Administrator for Administrative Management
0315	All GM-13 and 14 employees in Personnel Division	Director, Personnel Division
0316	All GM-13 and 14 employees in Contracting and Assistance Division	Director, Contracting and Assistance Division
0317	All GM-13, 14, and 15 employees in Facilities Division	Director, Facilities Division
0318	All GM-13 and 14 employees in Financial Management Division	Director, Financial Management Division
0319	All GM-13 and 14 employees in Information Systems Technology Division	Director, Information Systems Technology Division
1201	All GM-13, 14, and 15 employees in the National Agricultural Library	Director, NAL